

Deputy Moz Scott
Chair
Economic & International Affairs Scrutiny Panel
By email

05 December 2023

Dear Chair,

Thank you for your correspondence on the 23 November 2023. Please find my answers to your questions below, I will also ask my Private Office to send across relevant documents and information that I agreed to send the panel during the hearing.

1. A key theme of the recommendations of the 2015 Jersey Innovation Review report is facilitation of international collaboration in knowledge and talent exchange. What actions have you been undertaking to use relationships and contacts within local and international businesses to inform and support decision making by the Council of Ministers?

As you will be aware, the Ministerial policy lead for innovation sits within the portfolio of the Minister for Sustainable Economic Development. The role of External Relations is to respond to requests by Ministers and officials from other departments where they are seeking external assistance and partnerships to help them deliver on their Ministerial objectives.

Innovation is indeed an important issue and, as the Minister who commissioned the 2015 report, I would be personally very supportive of any request from the Economy Department for External Relations to assist with supporting further work in this important area.

This would also align with a core principle of the 2022 Common Policy for External Relations (ER) which requires that we: "Serve Jersey's best economic interests by promoting a strong, diversified and internationally connected economy, safeguarding its competitive position as a platform for global business and promoting growth through trade and investment."

2. The Ministerial delivery plan identifies work to support and enhance the Island's economic productivity via external relationships and contacts. What actions have you been undertaking to enhance the Island's economic productivity?

A key deliverable for the ER department is to expand Jersey's international connectivity with partner jurisdictions via a network of international agreements such as Bilateral Investment Treaties (BITs), Double Taxation Agreements (DTAs), Memoranda of Understanding (MOUs) and participation in UK Free Trade Agreements (UK FTAs). Taken together, these agreements seek to support broader economic relationships with partner jurisdictions through encouragement of investment to and/or from Jersey. Over the course of the past 12 months, ER has more than doubled its target for negotiating new international agreements.

a. Can you please identify the type of benefits that may be gained in this area from work under your remit?

Officers from the department regularly support teams across Government in this area. Recent examples include: following the recent announcement of Jersey's plans

for an offshore wind farm working with the project team to coordinate messaging to partners such as France; the ID card pilot travel scheme which has helped encourage French visitors to come to Jersey to support local tourism; and engaging external partners on issues important to Jersey's economic productivity such as national tax blacklists (which was a key theme of the recent inward visit by the Spanish Ambassador). External Relations continues to work in a collaborative and positive with the environment and fisheries officials to secure the opening of sanitary inspection post in Granville.

3. What are you doing to develop collaborative approaches to issues such as housing policy, population and migration issues, labour and skills shortages through external relations?

As outlined previously, External Relations acts in a supportive role in response to requests from other departments for external/off-island assistance. In the area of Population and migration controls, the Minister for External Relations has an ex officio seat on the Sub Ministerial Group. This has led to Officers from the department regularly participating in cross government collaborative forums, such as the *Labour Shortages Taskforce* working group, and the *Employer Standards Oversight Board*. ER is also very active in the *France Working Group* and the Board of the *International Cultural Centre* to ensure international perspectives are considered by the Council of Ministers in delivering on their areas of relentless focus. There is also the quarterly *Global Coordination Group* convened by External Relations that brings together Government departments and Arm's Length Organisations to seek a coordinated approach to international engagements and objectives. ER has also been involved in the delivery and refresh of the MOU with Antigua and Barbuda which helped bring a supply of much-needed hospitality workers to Jersey during the peak of the pandemic.

4. We briefly discussed Trade Agreements at our last hearing and since then, the Assembly has adopted P.6/2023 Assembly Consideration of the Bilateral Investment Treaty with the United Arab Emirates (UAE) which will bring forward a process to ensure ratification by the States Assembly before they come into force. How do you envisage any potential process will impact your work?

Through P/6/2023 the States Assembly requested the Legislation Advisory Panel, in consultation with the Privileges and Procedures Committee, to bring forward legislation relating to the ratification of international agreements in Jersey. I have met with the Chair and Vice Chair with the LAP after having returned to full time duties and, prior to this, External Relations Officials had regular dialogue with the Vice Chair and produced a paper for the LAP to consider. At the time of writing we understand that the work of the LAP remains ongoing in this regard, noting that its final recommendations and advice of the LAP will be conveyed to the Chief Minister for further consideration of next steps.

Are you taking any actions concurrently to adapt to any potential future ratification process?

Whilst it would be inappropriate to speculate on the outcome of the LAP consideration of this matter, I am clear that the priority must be the continuing effectiveness and transparency of our ratification procedures. Ministers and officials continue to engage with this Scrutiny Panel on a regular basis regarding the conclusion and ratification of Jersey's international

agreements, and I believe this provides an important element of scrutiny upon the executive function.

Since returning to office and having confirmed that the External Relations Minister is responsible for the progressing of Intellectual Property legislation, it has become apparent that there are a minimum of four treaties and agreements that must be extended or otherwise adopted into Jersey law. These are complex issues and bring into focus the need to ensure clarity as to who will be able to enact such legislation into our domestic law to secure our objective of Jersey's IP compliance, which is a prerequisite to the extension of at least one known FTA.

a. Will any legislative amendments be brought forward to give effect to P.6/2023?

P.6/2023 recognised that some flexibility will still be needed, especially in relation to international agreements which are ratified by the United Kingdom on behalf of Jersey, such as UK FTAs. This flexibility will be important, recognising both the confidential nature of treaty texts prior to their signature, and the unique time pressures of negotiations. I therefore plan to continue working with States Members to ensure that the principles guiding Jersey's participation in such agreements are kept fully updated and in line with our interests as expressed in the Common Policy for External Relations.

b. What work are you undertaking to identify the benefits and risks of Jersey's participation in new trade arrangements such as the Bilateral Treaty with the UAE?

In terms of the benefits and risks of Jersey's participation in new trade agreements, these factors are built into the work that External Relations undertakes on a regular basis, in coordination with other teams such as the Economy Department. We have also sought advice with external trade experts and engage regularly with our partners in Guernsey and Isle of Man on the benefits and risks of participating in FTAs.

In terms of Jersey's network of bilateral agreements, regular engagement with local businesses (including through Jersey Finance) has shown support for maximising Jersey's connectivity through a wider treaty network – in particular agreements providing additional protections for investors and added tax certainty. This is also reflected in the approaches of other successful smaller jurisdictions in developing their treaty networks, such as the UAE, Singapore and Barbados.

5. We understand that earlier this year a Digital Trade Agreement was signed between the United Kingdom and Ukraine. Has that trade agreement been extended to Jersey?

The UK signed the Ukraine Digital Trade Agreement (DTA) on 20th March, and there will be an opportunity for this agreement to be extended to Jersey, should we so wish. We continue to seek opportunities for Jersey within the UK's own digital trade agenda where it is in our interests to do so.

a. Are there other digital trade agreements that Jersey is a part of, or looking to join?

Jersey is not part of any other digital trade agreements currently. The UK signed a Digital Economic Agreement (DEA) with Singapore on 25th February 2022. The DEA

enhances provisions in the Digital Chapters of the FTA and Jersey has the ability to have the agreement extended to us through a unilateral extension mechanism.

b. What collaboration will you have on formation of any Digital strategies to support such agreements?

The UK's digital trade agreements have not yet been extended to Jersey. It is currently too early to have collaborations on any digital strategies as we need to continue to work with the UK to see what progress they make with respect to digital agreements.

6. Following the visit of the Estonian Ambassador, could you outline how any potential security risks, such as those posed by Russia, are taken into account when considering perception of Jersey's relationship with Estonia from other jurisdictions?

Advice on potential security risks is sought from the relevant teams within the Government of Jersey, and where necessary, the UK. The department always takes account of how Jersey's international relationships will be viewed by others, and this is factored into the planning stage for such visits.

7. The Panel questioned Jersey's position in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) earlier in the year via a letter. Has any decision been made on the progress of an extension mechanism for the services aspects of the partnership?

The UK is aware of the importance of the timely extension of the services provisions to Jersey, and we will look to the UK to activate the extension mechanism, when appropriate, to advance our interests. To date, Jersey has chosen to participate fully at the outset in only the Goods chapters of new UK FTAs. Full services participation therefore remains an aspiration at this stage and any proposed change to Jersey's principles to align with the evolving nature and positions of trade negotiations, such as participation in services, would be brought to the States Assembly for review.

8. We note that the UK's priorities for 2023 are to progress negotiations for Free Trade Agreements (FTA's) with India, Canada, Mexico, Israel and the Gulf Cooperation Council (GCC). Are you party to these discussions and how will Jersey fit into these FTA's?

We continue to work with the Department for Business and Trade (DBT) to ensure Jersey's interests are correctly reflected throughout new FTA negotiations and to evaluate how best to ensure maximum value for Jersey within the current programme. My officials continue to evaluate how best to maximise opportunities for Jersey in these agreements.

9. Noting the oral question (OQ.22/2023) in the Assembly in February this year, can you further outline what consideration is given when forming agreements with countries that have questionable democratic principles or poor human rights records?

The Ministry of External Relations continues to include respect for human rights in its ongoing monitoring and analysis of jurisdictions and associated risk. As ever, our approach is in line with broader UK foreign policy and were the UK to change its approach to a

particular country in light of human rights concerns, the Government of Jersey would reflect this change accordingly within its own engagement.

The Government of Jersey follows the principle that increasing commercial and political engagement with partner governments will enable stronger relationships, with more influence, through which to promote Jersey's values.

10. Given that the Minister for International Development and Jersey Overseas Aid Commission use the Corruption Perception Index, why does Jersey not feature on it given the desire to attract inward investment and your work within External Relations?

The Corruption Perception Index (CPI) is published annually by Transparency International, an independent non-governmental organisation. It is up to them as to whom they wish to feature in the index, but it should be noted that no sub-sovereign jurisdictions feature in its list.

11. What other methods are used to promote Jersey as a sound jurisdiction in which to conduct business?

The department utilises various methods in our engagement to promote Jersey as a sound jurisdiction to do business. For example, using inward visits to showcase what the island can offer such as when the Polish Ambassador visited in 2022, as well as the German and Spanish Ambassadors in 2023. We seek to dispel misperceptions about Jersey through a proactive and broadening pattern of engagement in London, Brussels and globally.

12. Will you be undertaking work to enhance Jersey's profile on indexes generally used by international investors in decisions to locate business such as the Rule of Law Index and the Corruption Perception Index?

These indexes typically do not include information on sub-sovereign jurisdictions, usually because of a lack of available data. It is up to the organisations who produce these lists to determine the eligibility criteria.

13. Can you identify if there are any interns employed within the overseas offices, and, if so, what is the cost of employing them?

Currently there are no interns employed through the Jersey London Office (JLO).

The Channel Islands Brussels Office (CIBO) currently has one full-time policy intern on a fixed term contract. The intern is paid gross EUR 2400pcm and is subject to Belgian tax and social security obligations. Costs are split 50-50 with Guernsey. This is an average rate for a policy intern in Brussels.

The Bureau des Isles Anglo-Normandes (BIAN) has one intern, currently employed on between 200 to 300 Euros a month. depending on hours worked, this is a standard rate under the French labour code. Costs are split 50-50 with Guernsey.

14. What is the cost of recruitment to the French office, Brussels office and overall remuneration of both?

The Channel Islands Brussels Office (CIBO)

The Channel Islands Brussels Office (CIBO) is the joint office of the Governments of Guernsey and Jersey and was established in 2011 to promote and protect the interests of the Channel Islands with the EU by leading and coordinating all engagement with the EU Institutions, and by providing information, analysis, and advice on developments in the EU of relevance to the Islands' interests.

CIBO is joint funded (50%) with the States of Guernsey and currently has four permanent members of staff. All members of staff in CIBO are subject to Belgian taxation and social security obligations. CIBO's accounts are audited by a Belgian auditor.

As per 2022 audited accounts, CIBO staff salary remuneration was EUR 322,370.88 (split 50/50 between Guernsey/Jersey: Jersey share EUR 161,185).

Recruitment for CIBO is run internally; there is no external expenditure.

The Bureau des Isles Anglo-Normandes (BIAN)

The Bureau des Isles Anglo-Normandes (BIAN), also part funded 50% with the States of Guernsey, provides essential representation at a regional and national level with our closest European partner. Their work is essential in promoting the entente cordiale between the Islands and France and ensuring complex matters including fisheries licensing are appropriately managed.

As per the 2022 accounts, BIAN staff salary remuneration was EUR 105,691 (split 50/50 between Guernsey/Jersey; Jersey share EUR 52,845).

Recruitment for BIAN is run internally; there is no external expenditure.

a. Do these offices hold any reserve expenditure? If so, can you provide this?

Overseas offices hold limited operational reserves to prevent cashflow issues in the first few months of the year following a call for funds, and to provide the offices with a reasonable buffer with which to respond to unforeseen budgetary pressures during the course of the year. These do not equate to a full contingency reserve.

CIBO - Reserve expenditure at end 2022 was EUR 167,179, which equates to close to 20% of CIBO's overall annual expenditure.

BIAN – Reserve expenditure at the end of 2022 was EUR 51,997 for Jersey.

15. It was indicated that a GANT chart would provide outlining the Intellectual Property legislative timeline, can this please be forwarded?

A copy outlining the legislative timetable will be provided to the panel on a confidential basis.

16. What quantitative analysis has been undertaken to determine the potential economic impact of the proposed additional revenue expenditure for Intellectual Property?

One of the drivers for modernising Jersey's IP framework is to allow Jersey to maximise its participation in UK FTAs, should it be in our interests. Quantitative analysis has been undertaken which has identified, at a high level, the key drivers and economic benefits of FTAs for Jersey. These include economic benefits related to the impacts of participating in FTAs based on preferential conditions of market access in overseas markets, and on the reduced costs of accessing global supply chains.

17. The Government Plan Annex summary suggests potential revenue streams could be gained through this expenditure as well as opportunities to promote and protect innovation on the island; can you please provide further details on this?

IP protection is a key part of modern economic policy which is increasingly driven by innovation and intangible assets. IP rights support innovative activity and can lead to increases in the profitability of a business investing in such activity. Products and services protected by IP rights ensure that there can be a reward for investment in innovation.

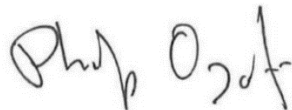
Additionally, ensuring that Jersey's laws making provision about IP are modern and consistent with international standards is an important policy objective for encouraging businesses of many types to locate and invest in the Island.

Building on Jersey's strong foundations as an international financial, legal, and business centre, a work programme has been developed to modernise the Island's trademark legislation and infrastructure. This is intended to support innovative and creative activity and promote Jersey as a conducive place for businesses to protect and manage their IP. Longer term, modernising Jersey's trademark legislation and infrastructure may also enable the Registry to benefit from increased revenue streams.

As a first step, a consultation inviting stakeholder feedback on a number of questions relating to the introduction of a modern and new system of primary trademark registration in Jersey has been launched on Monday 4 December.

I hope these answers meet your satisfaction.

Kind regards,



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Minister for External Relations

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